

1 NOV 1950

TOP SECRET

1434

EUROPE

1. YUGOSLAVIA: Tito favorable to proposed US agreement--
US Ambassador Allen in Belgrade, reporting an exploratory conversation with Tito concerning the proposed US-Yugoslav agreement to permit the use of Mutual Defense Assistance Program funds for relieving the Yugoslav food crisis, indicates that Tito's preliminary reaction was entirely favorable. Expressing confidence that agreement can be reached, Allen recommends that the US formalize the proposal immediately. He also reports a remark by Tito concerning the expected Soviet reaction that Soviet propaganda could not be any worse than it already is and could not modify the "absolute distrust" which Yugoslavia feels toward the USSR and its Satellites. Tito also volunteered the thought that the proposed bilateral agreement would enable Yugoslavia to show that it was reciprocating, within its possibilities, for any US aid received.

FAR EAST

2. KOREA: Rhee modifying his attitude toward North Korea--
US Embassy Counsellor Drumright reports that President Rhee was received with acclaim during a recent visit to the former North Korean capital of Pyongyang and that Rhee's 30-minute speech was given great applause. Drumright adds that Rhee was careful and judicious in his speech and made no statement which could be regarded as detrimental to the UN. The Counsellor believes that Rhee's principal objections to the "interim administration" for North Korea would be overcome if he can be assured that only non-Communists from south of the Parallel, including refugees from the north, will be appointed to administrative posts in North Korea.

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NO CHANGE in Class. ☐

☐ DECLASSIFIED

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